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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

June 21, 1999

Magalie Roman Salas
Secretary
Federal Communications Commission
445-12th Street, SW
Room TW-A325
Washington, DC 20554

RE: Initial and Final Regulatory Flexibility Analyses for In re: Deployment of Wireline Services Offering Advanced Telecommunications Capability (CC Docket No. 98-147); In re: Inter Carrier Compensation for ISP-Bound Traffic (CC Docket No. 99-68); In re: Defining Primary lines (CC Docket No. 97-181) ✓

Dear Ms. Salas:

On this date, Roy Neel of the United States Telephone Association submitted a letter to Chairman William E. Kennard in support of the U.S. Small Business Administration letter on the above subject. A copy of Mr. Neel's letter is attached.

In accordance with Section 1.1206(a)(1) of the Commission's rules, an original and six copies of this notice are being submitted to your office today. Please include this notice in the public record of these proceedings.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "John W. Hunter".

John W. Hunter
Senior Counsel

Enclosures (6)
Attachment



June 21, 1999

Ex Parte

William E. Kennard
Chairman
Federal Communications Commission
445 12th St., S.W., Room 8-B201
Washington, D.C. 20554

RE: Initial and Final Regulatory Flexibility Analyses for *In re* Deployment of Wireline Services Offering Advanced Telecommunications Capability (CC Dkt. No. 98-147); *In re* Inter Carrier Compensation for ISP-Bound Traffic (CC Dkt. 99-68); *In re* Defining Primary Lines (CC Dkt. 97-181).

Dear Chairman Kennard:

I write on behalf of USTA members to endorse the conclusions presented to you by the U.S. Small Business Administration in the May 27, 1999 letter to you from Jere Glover, Chief Counsel, Office of Advocacy. Small Incumbent Local Exchange Carriers (ILECs) are defined as small entities and small business concerns under the Regulatory Flexibility Act of 1980 (RFA). USTA is on record in a number of Commission proceedings calling upon the Commission to recognize that the market power of small ILECs must be evaluated on a national basis. Small ILECs certainly are not dominant providers of telecommunications services and the regulatory requirements imposed on them should reflect this fact. Specifically:

1. On August 29, 1996, USTA argued that the interexchange telecommunications market is a national market in which independent LECs, including all small ILECs, compete with national interexchange carriers.¹

¹ In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934 as amended and Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area, Comments of the United States Telephone Association, CC Docket No. 96-149, August 29, 1996, pg. 2-3.

2. On October 11, 1996, USTA recommended adopting the size standard of two percent of the nation's access lines installed in the aggregate nationwide as the standard below which a LEC would qualify for small business treatment under the RFA.²
3. On August 17, 1998, USTA challenged the Commission's contention that small ILECs are dominant in their field by pointing out that as of February 8, 1996, any competitor may enter any LEC area whenever it decides to proceed.³

USTA wholeheartedly supports the Office of Advocacy in asserting that the Commission's refusal to recognize small ILECs as non-dominant is incorrect and contrary to the spirit and letter of the RFA. Based on this determination, it is unjustified for the Commission to continue treating small ILECs as dominant providers of telecommunications services. Beyond this, continuing to ignore the conclusions of the SBA unnecessarily increases the compliance burden on small ILECs.

Sincerely,



Roy Neel
President & CEO

c: Honorable Susan Ness
Honorable Michael Powell
Honorable Harold Furchtgott-Roth
Honorable Gloria Tristani
Lawrence Strickling
Eric Jensen
Jane Jackson
Carol Matthey
Michael Pryor
Jere W. Glover
Eric E. Menge

² In the Matter of Section 257 Proceeding to Identify and Eliminate Market Entry Barriers for Small Businesses, Reply Comments of the United States Telephone Association, GN Docket NO. 96-113, October 11, 1996, pg. 2.

³ In the Matter of Access Charge Reform for Incumbent Local Exchange Carriers subject to Rate-of-return Regulation, Comments of the United States Telephone Association, CC Docket No. 98-77, August 17, 1998, pg. 32.